

COCHRANE RESOURCES, INC.

Engineering
Wellsite Supervision
Lease Operating

PO Box 1656
Roosevelt, Utah 84006
Phone (435) 722-5081
Cell (435) 722-9448

July 5, 2008

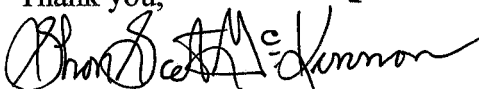
State of Utah
Division of Oil, Gas and Mining
Attn: Diana Whitney
1594 West Temple - Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Re: Application for Permit to Drill
Horse Point Federal 12-13

Dear Diana,

Please find enclosed the APD's on the above referenced well as it is submitted to the Bureau of Land Management. If you have any questions please feel free to give either myself or Ken Allen a call.

Thank you,



Shon Scott McKinnon
Agent for Cochrane Resources, Inc.

Enc.

RECEIVED

JUL 11 2008

DIV. OF OIL, GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

5. Lease Serial No.
UTU-084672

6. If Indian, Allottee or Tribe Name
N/A

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
Horse Point Fed 12-13

9. API Well No.
43019-31593

10. Field and Pool, or Exploratory
Horse Point 210

11. Sec., T. R. M. or Blk. and Survey or Area
Section 13, T16S, R 23E, SLB&M

12. County or Parish
Grand

13. State
Ut

1a. Type of work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator Cochrane Resources Inc.

3a. Address PO Box 1656 Roosevelt, Utah

3b. Phone No. (include area code)
(435)722-5801

4. Location of Well (Report location clearly and in accordance with any State requirements.)
At surface 2134' FNL 689' FWL SW/NW 643293X 39.417279
At proposed prod. zone 4364197Y -109.335456

14. Distance in miles and direction from nearest town or post office*
59.9 Miles from Ouray, Utah

15. Distance from proposed* 689'
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)

16. No. of acres in lease
800

17. Spacing Unit dedicated to this well
40

18. Distance from proposed location* Approx. 2500'
to nearest well, drilling, completed,
applied for, on this lease, ft.

19. Proposed Depth
8200'

20. BLM/BIA Bond No. on file
912828BH2

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
8278' GL

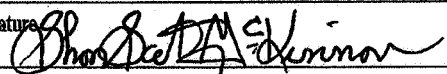
22. Approximate date work will start*
04/01/2008

23. Estimated duration
20 Days


24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature  Name (Printed/Typed) Shon S. McKinnon Date 04/24/08

Title Agent for Cochrane Resources

Approved by  Name (Printed/Typed) BRADLEY G. HILL Date 07-17-08

Title Office ENVIRONMENTAL MANAGER

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

Federal Approval of this
Action Is Necessary

RECEIVED

JUL 11 2008

DIV. OF OIL, GAS & MINING

1922 Brass
Cap 1.5' High,
Pile of Stones

S89°58'E - 2640.00' (G.L.O.)

1922 Brass
Cap 0.5' High

$N00^{\circ}07'46''W - 2646.95'$ (Meas.)

2134'

550

HORSE POINT FEDERAL #12-13
Elev. Ungraded Ground = 8278'

-13

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

N00°01'W - 2640.00' (G.L.O.)

1922 Brass
Cap 1.5' High

NORTH - 5280.00' (G.L.O.)

WEST - 5280.00' (G.L.O.)

L = 90° SYMBOL

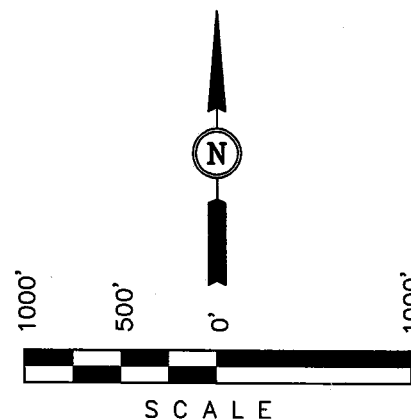
● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

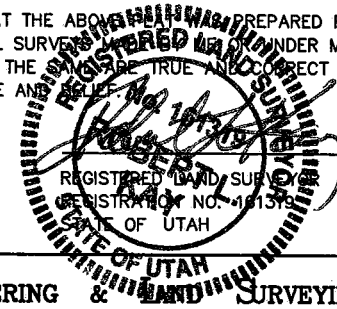
(NAD 83)
LATITUDE = 39°25'02.20" (39.417278)
LONGITUDE = 109°20'10.02" (109.336117)
(NAD 27)
LATITUDE = 39°25'02.30" (39.417306)
LONGITUDE = 109°20'07.59" (109.335442)

Well location, HORSE POINT FEDERAL #12-13, located as shown in the SW 1/4 NW 1/4 of Section 13, T16S, R23E, S.L.B.&M., Grand County, Utah.

SPOT ELEVATION LOCATED ON A HILL TOP IN THE NW 1/4 OF SECTION 32, T15S, R23E, S.L.B.&M. TAKEN FROM THE PR SPRING QUADRANGLE, UTAH, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 7454 FEET.



THIS IS TO CERTIFY THAT THE ABOVE REPORT WAS PREPARED FROM
FIELD NOTES OF ACTUAL SURVEY MADE BY ME UNDER MY
SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE
BEST OF MY KNOWLEDGE AND BELIEF.



REVISÉD: 11-27-07 C.H.

UTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 07-27-07	DATE DRAWN: 07-27-07
PARTY M.A. S.W. S.L.	REFERENCES G.L.O. PLAT	
WEATHER HOT	FILE COCHRANE RESOURCES, INC.	

COCHRANE RESOURCES, INC.

Engineering
Wellsite Supervision
Lease Operating

PO Box 1656
Roosevelt, Utah 84066
Phone (435) 722-5081
Cell (435) 722-9448

Bureau of Land Management
Vernal Field Office
170 South 500 East
Vernal, UT 84078

Attn: Minerals Department

Re: Well Permits
Horse Point Federal 12-13

Dear Sir:

This letter is to inform you that ~~McK²Svc~~ Inc. and Shon McKinnon are authorized to act as Agent and to sign or retrieve documents on behalf of Cochrane Resources, Inc. when necessary for filing county, state and federal permits including Onshore Order No. 1, Right of Way applications, etc., for the above mentioned well.

It should be understood that ~~McK²Svc~~ Inc. and Shon McKinnon are acting as Agent only in those matters stated above and are not responsible for drilling, completion, production or compliance with regulations.

Yours truly,



Ken Allen

**Cochrane Resources Inc.
Horse Point Fed 12-13
SW/NW Section 13, T16S, R23E
Grand County, Utah
Lease No. UTU-084672**

ONSHORE OIL & GAS ORDER NO. 1

Drilling Program

1. Estimated Tops of Important Geological Markers

Formation	Depth	Subsea
Green River	Surface	-
Castlegate	4155'	+4135'
Mancos	4355'	+3935'
Dakota Silt	7815'	+475'
Morrison	8065'	+225'
TD	8200'	+90

2. Estimated Depth of Anticipated Water, Oil, Gas or Mineral Formations

Substance	Formation	Depth
Gas	Mancos	4355' - 7815'
Gas	Dakota	7850' - 8000'
Gas	Morrison	8065 - 8200'

All fresh water and prospectively valuable minerals encountered during drilling will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

3. Pressure Control Equipment

All well control equipment will be in accordance to Onshore Order No. 2 for 5M Systems and are as follows:

5,000# BOP with 4 ½" Pipe Rams
5,000# BOP with Blind Rams
5,000# Annular

Ram type preventers and associated equipment shall be tested to the approved stack working pressure if isolated by test plug or to 70 percent of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline on pressure of more than 10 percent in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.

Pressure Control Equipment Continued

Annular type preventers (if used) shall be tested to 50 percent of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

As a minimum, the above test shall be performed:

- a. when initially installed;
- b. whenever any seal subject to test pressure is broken
- c. following related repairs; and
- d. at 30 day intervals

Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.

When testing the kill line valve(s) the check valve shall be held open or the ball removed.

Annular preventers shall be functionally operated at least weekly.

Pipe and blind rams shall be activated each trip, however, this function need not be performed more that once a day.

A BPOPE pit level drill shall be conducted weekly for each drilling crew.

Pressure tests shall apply to all related well control equipment.

All of the above described tests and/or drills shall be recorded in the drilling log.

BOP systems shall be consistent with API RP 53 Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling cement plugs.

The District Office will be notified, with sufficient lead time, in order to have a BLM representative on location during testing.

- a. The size and rating of the BOP stack is shown on the attached diagram. Although a rig has not yet been chosen to drill this well, most of the equipment for this depth will utilize 5M working BOP.
- b. A choke line and kill line are to be properly installed. The kill line is not to be used as a fill-up line.
- c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.

d. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.

4. Proposed Casing and Cementing Program

a. The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones abnormally pressured zones and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations.

Determination of casing setting depth shall be based on all relevant factors including: presence/absence of hydrocarbons, fracture gradients, usable water zones, formation pressures, lost circulation zones, other minerals, or other unusual characteristics. All indications of usable water shall be reported.

b. Casing Program

	<u>Depth</u>	<u>Hole Size</u>	<u>O.D.</u>	<u>Grade</u>	<u>Type</u>
Conductor	40'	-	14"	-	-
Surface	1000'	12-1/4"	8-5/8"	J-55	24#
Production	8200'	7-7/8"	4-1/2"	N-80	11.6#

c. Casing design subject to revision based on geologic conditions encountered.

d. Cement Program

	<u>Est. Top of Cement</u>	<u>Cement Type</u>	<u>Quantity</u>	<u>Yield</u>	<u>Supply Wt.</u>
Conductor	Surface	Class G	Hole + 30%	1.26	14.6
Surface	Surface	Class G	Hole + 30%	1.26	14.6
Production	Stage 1 -above 1000'	Hyfill	Hole + 30%	3.84	11.6
	Stage 2 - 6000'	50/50 poz	Hole + 30%	1.26	14.6

e. Anticipated cement tops will be reported as to depth; not the expected number of sacks of cement to be used. The District Office should be notified, with sufficient lead time, in order to have a BLM representative on location while running all casing strings and cementing.

f. After cementing but before commencing any test, the casing string shall stand cemented until the cement has reached a compressive strength of at least 500 psi at the shoe. WOC time shall be recorded in the driller's log.

g. The following reports shall be filed with the District Manager within 30 days after the work is completed.

1. Progress reports, form 3160-5 "Sundry Notices and Reports on Wells", must include complete information concerning:

a. Setting of each string of casing, showing the size, grade, weight of casing set, hole size, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of cementing tools used, casing test method and results, and the date work was done. Show the spud date on the first reports submitted.

b. Temperature or bond log must be submitted for each well where the casing cement was not circulated to the surface.

h. Auxiliary equipment to be used is as follows:

1. Kelly cock
2. A bit float
3. A sub with full opening valve.

5. Drilling Fluids Program:

<u>Interval</u>	<u>Type</u>	<u>Wt. (ppg)</u>	<u>Viscosity</u>	<u>pH</u>	<u>Water Loss</u>	<u>Remarks</u>
0-2000'	Spud	8.4 - 9.0	30 - 45+	8.0	NC	Gel and Lime as required
2000'-5500'	Wtr/gel	8.4 - 8.8	27 - 35	8.5-9.0	NC	Min. Wt.
5500'-TD	KCL/Mud	8.5 - 8.8*	35 - 40	9.0-10.0	10-15cc @TD	*Min Wt to control firm

a. Sufficient quantities of mud material will be maintained on site or be readily available for the purpose of assuring well control. SPR will be recorded on a daily drilling report after mudding up. Visual mud monitoring will be conducted during operations.

b. No chromate additives will be used in the mud system on Federal lands without prior BLM approval to ensure adequate protection of fresh water aquifers.

c. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well.

d. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

6. Evaluation Program

The anticipated type and amount of testing, logging and coring are as follows:

a. No drill stem tests are anticipated, if DST's are run, the following requirements will be adhered to:

Initial opening of the drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the authorized officer (AO). However, DST's may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e. lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the AO. Closed chamber DST's may be accomplished day or night.

A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions. This would involve provided means for reverse circulation.

Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

All engines within 100 feet of the wellbore that are required to "run" during the test shall have spark arresters or water cooled exhausts.

b. The logging program will consist of Schlumberger Platform Express (or equivalent) to be run from base of surface casing to TD.

c. No cores are anticipated.

d. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted no later than 30 days after the completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well tested data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the AO.

e. The anticipated completion program is as follows: Perform multistage fracs and complete all productive zones present in the wellbore. Produce all zones commingled.

f. Daily drilling and completion progress reports shall be submitted to the BLM in Vernal on a weekly basis.

7. Abnormal Temperatures and Pressures

a. The expected bottom hole pressure is 1800 psi. The maximum bottom hole temperature anticipated is 160 degrees Fahrenheit.

b. No hydrogen sulfide gas is anticipated. Abnormal pressures will be controlled with mud weight and 5000# BOP and rotating head.

8. Anticipated Starting Dates and Notifications of Operations

a. Drilling is anticipated to commence immediately upon approval

- b. It is anticipated that the drilling of this well will take approximately 20 days.
- c. The BLM in Vernal, Utah shall be notified of the anticipated date of location construction and anticipated spud date.
- d. No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior to approval from the AO will be obtained and notification given before resuming operations.
- e. The spud date will be reported orally to the AO within 48 hours of spudding. If the spudding occurs on a weekend or holiday, the report will be submitted via voice mail and/or e-mail to the AO.
- f. In accordance with Onshore Oil and Gas Order No. 1, this well will be reported on Form 3160-6 "Monthly Report Operations", starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report will be filed with Vernal BLM Office, 170 South 500 East, Vernal, Utah, 84078.
- g. Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual or undesirable events shall be reported promptly to the AO in accordance with the requirements of NTL-3A or its revision.
- h. If a replacement rig is contemplated for completion operations, a "Sundry Notice" Form 3160-5 to that effect will be filed, or prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.
- i. Should the well be successfully completed for production, the AO will be notified when the well is placed on producing status. Written notification, e-mail or otherwise, will be sent no later than 5 days following the date on which the well is placed on production.
- j. Pursuant to Onshore Order No. 7, with the approval of the District Engineer, produced water may be temporarily disposed of into unlined pits for a period of 90 days. During the period so authorized, an application for approval of the permanent disposal method, along with the required water analysis and other information, must be submitted to the District Engineer.
- k. Pursuant to NTL-4A lessees or operators are authorized to vent/flare gas during initial well evaluation test, not exceeding a period of 30 days or the production of 50 MMCF of gas, whichever occurs first. An application must be filed with the District Engineer and approval received, for any venting/flaring of gas beyond the initial 30 day authorized test period.
- l. A schematic facilities diagram as required by 43 CFR 3162.7-5 (b.9.d.), shall be submitted to the BLM, Vernal Field Office within 60 days of installation or first production whichever occurs first. All site security regulations as specified in Onshore Order No.3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (b.4.).
- m. A first production conference will be scheduled within 15 days after receipt of the first production notice.

n. No well abandonment operations will commence without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed within 30 days following the completion of the well for abandonment. The report will indicate where plugs were placed and the current status of the surface restoration. Final abandonment will not be approved until the surface reclamation work has been completed to the satisfaction of the AO.

o. Pursuant to Onshore Oil and Gas Order No.1, lessees and operators have the responsibility of operating in a manner which conforms with the applicable Federal laws and regulations and with the State and local laws and regulations to the extent that such laws are applicable to operations on Federal lands.

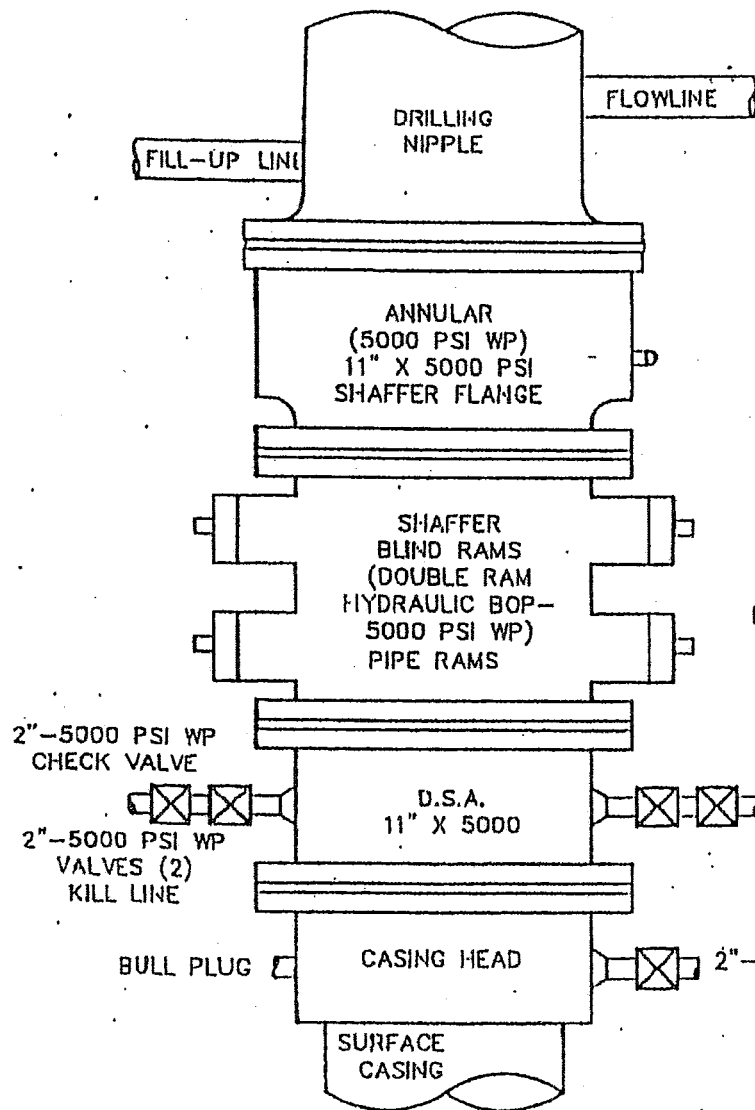
Bureau of Land Management
170 South 500 East
Vernal, Utah 84078

Phone: (435)781-4400
Fax: (435)781-4410

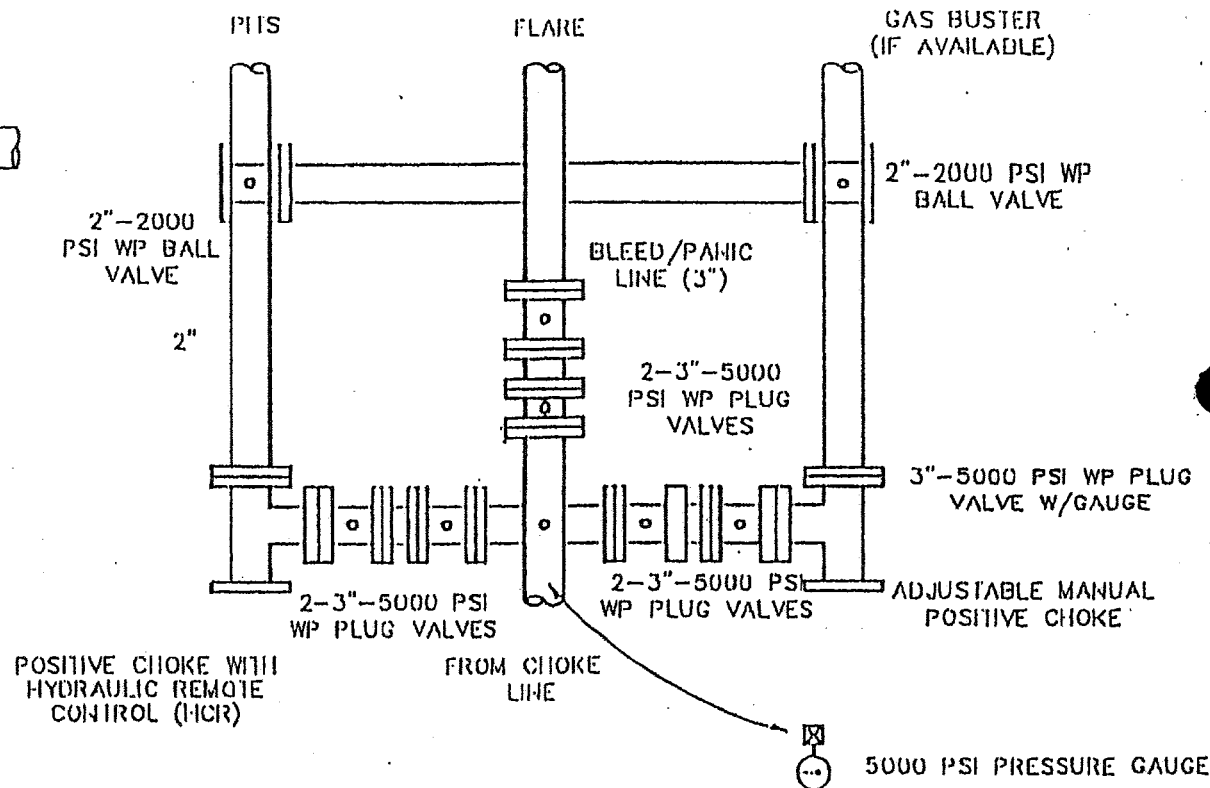
After Hours:

Michael Lee	Petroleum Engineer	(435)828-4470
Matt Baker	Petroleum Engineer	(435)828-7875

BOP SCHEMATIC
5000 PSI WORKING PRESSURE



PLAN VIEW CHOKING MANIFOLD



THE HYDRAULIC CLOSING UNIT WILL BE LOCATED MORE THAN 30' FROM THE WELLHEAD. CHOKING AND BLEED/PANIC LINES WILL GO TO THE PIT AND FLARE. ALL CONNECTIONS IN CHOKING LINES AND MANIFOLD WILL BE FLANGED OR WELDED. ALL FLANGES SHOULD BE RING JOINT GASKET TYPE. ALL TURNS IN LINES SHALL BE CONSTRUCTED USING TARGETING 90° TEES OR ELLS. ALL LINES SHALL BE ANCHORED.

**Cochrane Resources Inc.
Horse Point Fed 12-13
SW/NW Section 13, T16S, R23E
Grand County, Utah
Lease No. UTU-084672**

ONSHORE OIL & GAS ORDER NO. 1

Notification Requirements

Location Construction-	48 hours prior to construction of location and access roads
Location completion-	prior to moving on with drilling rig.
Spud Notice-	at least 24 hours prior to spudding the well.
Casing String and Cementing-	24 hours notice prior to running casing and cementing.
BOP and Related Equipment-	24 hours prior to initiating pressure tests.
First Production Notice-	Within 5 business days after new well begins or production resumes after well has been off production for more than 90 days.

The onsite inspection for the subject well site was conducted on November 21, 2007 at approximately 11:30 a.m. Weather conditions were cool and windy. In attendance at the onsite were the following individuals:

Darren Williams	Natural Resource Specialist	Bureau of Land Management
Brandon McDonald	Wildlife Biologist	Bureau of Land Management
Shon McKinnon	Permit Consultant	Cochrane Resources Inc.
Luke Kay	Surveyor	Uintah Engineer and Land Surveying

1. Existing Roads

See Attached Topographic Map "A".

Turn left from Highway 40 and proceed south on Highway 88, 16.3 miles to Ouray, Utah. Continue South 54.9 miles to Black Horse Ridge. Turn right and travel southwesterly 5.0 miles. Turn left onto proposed access and travel southerly 270' on to the proposed location. Improvement of existing roads will not be required.

2. Planned Access Road

See Attached Topographic Map "B" for location of the proposed access road.

Wildlife Timing Stipulations

1. Crucial Deer and Elk Winter Range
 - a. No surface disturbing activities or drilling November 1st - April 1st
2. Crucial Fawning/Calving
 - a. No surface disturbing activities drilling May 15th - June 30th

13. Lessee's or Operators Representative

Cochrane Resources Inc.

Ken Allen - President
PO Box 1656
Roosevelt, Utah 84066
(435)722-5801
(435)722-9448

Shon McKinnon (Permit Consultant)

PO Box 330
Altamont, Utah 84001
(435)823-8061

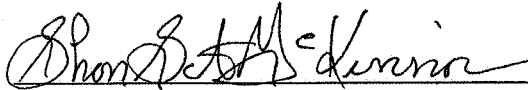
Certification

Please be advised that *Cochrane Resources Inc.* is considered to be the operator of the *Horse Point Fed 12-23, SW/NW Section 13, T16S, R23, Lease No. UTU-084672 Grand County, Utah*; and is responsible under the term and conditions of the lease for the operations conducted upon the leased lands. Bond coverage is provided by The Federal Reserve Bank #912828BH2.

I hereby certify that the proposed drill site and access road have been inspected and I am familiar with the conditions that currently exist; that the statements made in this plan are true and correct to the best of my knowledge; and that the work associated with the operations proposed here will be performed by Cochrane Resources Inc. its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. The statement is subject to the provisions of 18 U.S.C. 1000 for the filing of a false statement.

07/17/08

Date



Shon Scott McKinnon
Agent for Cochrane Resources Inc.

3. Location of Existing Wells

See Attached Topographic Map "C"

- a. Producing Wells - One
- b. Abandoned Wells - Two

4. Location of Tank Batteries and Production Facilities

- a. All permanent surface equipment will be painted Beetle (Munsel # 19-03-12TPX).
- b. Storage tanks batteries will be surrounded by containment dike of sufficient capacity to contain at a minimum, the entire contents of the largest tank within the contained area, unless more stringent requirements are necessary as notified by the AO.
- c. A production layout will be submitted via sundry upon proven productivity of the well.
- d. All loading lines will be placed inside the berm/dike surrounding the tank battery.
- e. A Gas Meter Run will be placed within 500 ft. of the wellhead. Meter runs will be housed. The oil and gas measurement equipment will be installed on the well location. Measurement equipment will be calibrated in place prior to any deliveries. Tests for accuracy will be conducted monthly for the first three months on new installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the calibration reports will be submitted to the Vernal Field Office.
- f. Any necessary pits will be properly fenced to prevent any wildlife entry.
- g. The access road will be maintained in a safe, usable condition conducive to the climate and seasonal conditions in order to accommodate daily operation of the well and prevent erosion.
- h. Pipelines, up to 6" steel, will follow the proposed access for approximately 366', as detailed in attached Map "D". The pipeline will be laid on the surface except road crossings where they will be buried to a depth of 5'. The method of coupling will be welded. Associated pipeline components, such as risers, pig launchers/catchers, meters, valves, etc. will be contained within the 30' needed for construction of the pipeline.

5. Location and Type of Water

- a. Water will come from: Water Right No. 43-10447, located in Sec 9, T8S, R20E.
- b. Water will be hauled by commercial transport over the access roads shown on Attached Maps "A" and "B".
- c. No water well will be drilled on this lease.

6. Source of Construction Material

- a. Any gravel used will be obtained from a commercial source.
- b. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2.3.
- c. No construction materials will be used from Federal lands.

7. Methods of Handling Waste Disposal

- a. the reserve pit will be felted and double lined with at least 12 mil liner.
- b. All trash will be contained in an enclosed trash container through the drilling, completion, and facility construction phases and its contents removed and hauled to an approved disposal sight as needed.
- c. A chemical porta-toilet will be furnished through the drilling, and completion phases.
- d. After first production, produced waste water will be confined to an unlined pit or storage tank for a period not to exceed 90 days. During the 90 day period, in accordance with Onshore Order No. 7, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the AO's approval.
- e. Drill cuttings are to be contained and buried in the reserve pit.
- f. Any salts and/or chemicals which are an integral part of the drilling system will be disposed of in the same manner as the drilling fluid.

8. Ancillary Facilities

There are no airstrips, camps or other facilities planned during the drilling of this well except for those facilities needed for drilling rig personal, service providers and company representatives.

9. Well Site Layout

See attached Location Layout Diagram

- a. any brush encountered within the proposed access and well pad during construction will be distributed using a "lop and scatter" method around the perimeter of the pad. Brush will not be piled any taller than 3' in height.

10. Plans for Restoration of Surface

- a. Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, materials, trash and debris not required for production.
- b. Upon completion, any hydrocarbon within the reserve pit will be removed in accordance with 43 CFR 3162.7-1.

c. The reserve pit will be backfilled and reclaimed within 120 days from the well completion. The reserve pit liner will be perforated and excess liner removed before backfilling. Alternatively, the pit will be pumped dry, the liner folded into the pit and buried to a minimum of 4' deep.

d. That portion of the location not needed for production facilities or operations, or any disturbed areas upon final plug and abandonment, will be re-contoured to approximate natural contours and seeded with a seed mixture and procedure specified by the AO. Additionally, the topsoil pile will be seeded with the same mixture and procedure as specified.

11. Surface Ownership

The proposed access road and well pad is on lands managed by the Bureau of Land Management.

12. Other Information

a. The archeological survey has been conducted by Montgomery Archeological Consultants, Inc. MOAC Report #03-361; 11/08/2007 is attached as "Exhibit D".

b. If historic or archeological materials are uncovered during construction, the operator will immediately stop work and contact the AO.

c. It was recommended by the AO at the onsite that the well pad be moved westerly, approximately 80' for the management of the visual resource. The pad was moved and the changes are reflected on the plat maps, cut sheet, and diagrams attached (Revision Date 11/26/07 C.C.).

d. The operator will control noxious weeds along associated well pad, roads, pipelines, and surface equipment. On BLM administered land it is required that a Pesticide Use Proposal shall be submitted and approved prior to the application of pesticides or herbicides.

e. Drilling rigs and/or equipment used during drilling operations on this well site will not be stacked or stored on Federal lands after the conclusion of drilling operations or at any other time without BLM authorization.

f. All lease and unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved plan of operations, and any applicable Notices to Lessees. The operator is fully responsible for the actions of his subcontractors.

g. A complete copy of the APD shall be on location during construction and drilling of this site.

Water Disposal

Immediately upon first production all produced water will be confined to a steel storage tank. Water will be disposed of via truck transport to a State of Utah approved disposal site, such as Brennan Bottom.

Wildlife Timing Stipulations

1. Crucial Deer and Elk Winter Range
 - a. No surface disturbing activities or drilling November 1st - April 1st
2. Crucial Fawning/Calving
 - a. No surface disturbing activities drilling May 15th - June 30th

13. Lessee's or Operators Representative

Cochrane Resources Inc.

Ken Allen - President
PO Box 1656
Roosevelt, Utah 84066
(435)722-5801
(435)722-9448

Shon McKinnon (Permit Consultant)

PO Box 330
Altamont, Utah 84001
(435)823-8061

Certification

Please be advised that *Cochrane Resources Inc.* is considered to be the operator of the *Horse Point Fed 12-23, SW/NW Section 13, T16S, R23, Lease No. UTU-084672 Grand County, Utah*: and is responsible under the term and conditions of the lease for the operations conducted upon the leased lands. Bonding for the well is #0279083950.

I hereby certify that the proposed drill site and access road have been inspected and I am familiar with the conditions that currently exist; that the statements made in this plan are true and correct to the best of my knowledge; and that the work associated with the operations proposed here will be performed by Cochrane Resources Inc. its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. The statement is subject to the provisions of 18 U.S.C. 1000 for the filing of a false statement.

07/05/08

Date



Shon Scott McKinnon

Agent for Cochrane Resources Inc.

CULTURAL RESOURCE INVENTORY OF
COCHRANE RESOURCES' PROPOSED
WELL LOCATION HORSE POINT FEDERAL #12-13
(TOWNSHIP 16 SOUTH, RANGE 23 EAST, SECTION 13)
GRAND COUNTY, UTAH

Keith R. Montgomery

CULTURAL RESOURCE INVENTORY OF
COCHRANE RESOURCES' PROPOSED
WELL LOCATION HORSE POINT FEDERAL #12-13
(TOWNSHIP 16 SOUTH, RANGE 23 EAST, SECTION 13)
GRAND COUNTY, UTAH

By:

Keith R. Montgomery

Prepared For:

Prepared For:
Bureau of Land Management
Moab Field Office

Prepared Under Contract With:

Cochrane Resources, Inc.
PO Box 1656
Roosevelt, UT 84066

Prepared By:

Montgomery Archaeological Consultants, Inc.
P.O. Box 219
Moab, Utah 84532

MOAC Report No. 07-361

November 8, 2007

United States Department of Interior (FLPMA)
Permit No. 07-UT-60122

State of Utah Antiquities Project (Survey)
Permit No. U-07-MQ-1326b

INTRODUCTION

A cultural inventory was conducted by Montgomery Archaeological Consultants, Inc. (MOAC), in October 2007 for Cochrane Resources' proposed Horse Point Federal #12-13 well location with associated access corridor. The project area is located in Horse Point Gas Field, south of Split Point in Grand County, Utah. The survey was implemented at the request of Mr. Ken Allen, Cochrane Resources, Inc., Roosevelt, Utah. A total of 10.9 acres was surveyed, all of which occur on public lands administered by the Bureau of Land Management (BLM) Moab Field Office.

The objective of the inventory was to locate, document, and evaluate any cultural resources within the project area in order to comply with Section 106 of 36 CFR 800, the National Historic Preservation Act of 1966 (as amended). Also, the inventory was implemented to attain compliance with a number of federal and state mandates, including the National Environmental Policy Act of 1969, the Archaeological and Historic Conservation Act of 1972, the Archaeological Resources Protection Act of 1979, the American Indian Religious Freedom Act of 1978, and Utah State Antiquities Act of 1973 (amended 1990).

The fieldwork was performed on October 20, 2007 by Keith R. Montgomery (Principal Investigator) under the auspices of U.S.D.I. (FLPMA) Permit No. 07-UT-60122, and State of Utah Antiquities Permit (Survey) No. U-07-MQ-1326b issued to MOAC.

A file search for previous cultural resource inventories and archaeological sites was conducted by Marty Thomas at the Utah State Historic Preservation Office in Salt Lake City, Utah on October 16, 2007. This consultation indicated that several previous archaeological projects have been completed near the current project area.

In 1983, Grand River Consultants surveyed a pipeline for Northwest Pipeline Corporations Dwayne Upton # 1; no cultural resources were documented (Babcock and Hartley 1983). In 1992, Archeological-Environmental Research Corporation (AERC) reported on its 1990 and 1991 cultural evaluations in eastern Utah for the Seep Ridge-Book Cliffs highway route and four alternate corridors (Hauck 1992). A total of 43 new archaeological sites were recorded, and an additional 34 previously recorded sites were relocated. The sites consisted of rock art, rock shelters, lithic scatters, habitations, temporary camps, a Ute burial, European American surface and dugout occupations, roadways, a historic cabin, a historic mine, a railroad, and historic inscriptions. Of the 77 total sites, 58 were evaluated eligible for inclusion to the NRHP. None of these sites occur within the immediate project area.

In 2003, Montgomery Archaeological Consultants inventoried a pipeline for Trigon Sheehan that crosses near the current project area (Nicholson and Montgomery 2003). Cultural resources found include an eligible lithic scatter, and seven isolated finds of artifacts, none of which occur within the current project area. In summary, no previously recorded sites occur in the current project area.

DESCRIPTION OF PROJECT AREA

The inventory area is located in Horse Point Gas Field, south of Split Point in Grand County, Utah. The legal description is Township 16 South, Range 23 East, Section 13 (Table 1, Figure 1).

Table 1. Cochrane Resources' Proposed Well Location.

Well Designation	Legal Location	Access/Pipeline	Cultural Resources
Horse Point Federal #12-13	T16S,R23E,SW/NW Sec.13	Access: 69 ft Pipeline: 127 ft	None

Environmental Setting

The project area lies within the Bookcliffs-Roan Plateau physiographic unit, characterized by a system of linear cliffs (Stokes 1986:231). Geology of the area is comprised of Tertiary age deposits (65 to 2 million years ago), including the Flagstaff and Green River Formations. The Flagstaff Formation represents deposits from Lake Flagstaff, that disappeared during the middle Eocene. The Green River Formation consists of claystone, sandstone, and carbonate beds deposited during deep water to marginal alluvial conditions, and is known for its oil shale content (Stokes 1986). Soil is gravelly to cobbly brown sandy loam.

Situated in the Upper Sonoran Life Zone, the elevation of the project area averages 8240 ft asl. The project occurs within a pinyon-juniper woodland with an understory of sagebrush and assorted grasses. The area is well-watered by numerous springs and streams. Modern disturbances to the landscape include oil/gas development, roads, and livestock grazing.

SURVEY METHODOLOGY

An intensive pedestrian survey was performed for this project which is considered 100% coverage. At the proposed well location, a ten acre area centered on the well pad center stake was surveyed by the archaeologist walking parallel transects spaced no more than 10 m (33 ft) apart. The associated access corridor was surveyed to a width of 61 m (200 ft) by walking parallel transects along the staked centerline, spaced no more than 10 m (33 ft) apart. Ground visibility was considered to be good. A total of 10.9 acres was inventoried for cultural resources on public land administered by the BLM Moab Field Office.

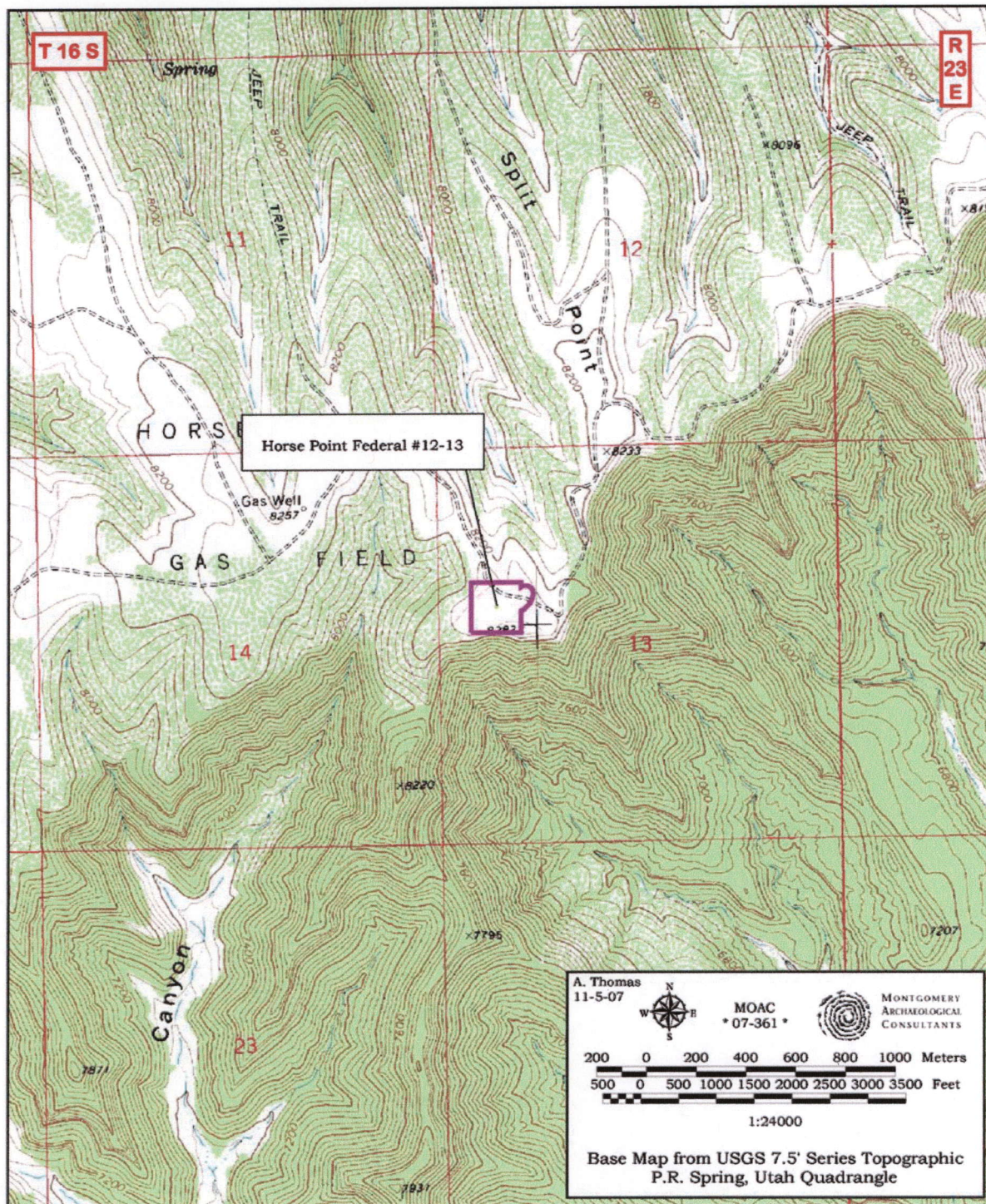


Figure 1. Inventory Area of Cochrane Resources' Proposed Horse Point Federal #12-13 Well Location, Grand County, Utah.

RESULTS AND RECOMMENDATIONS

The cultural resource inventory for Cochrane Resources' proposed Horse Point Federal #12-13 well location resulted in the documentation of no cultural resources. Based on the findings, a determination of "no historic properties affected" is recommended for the undertaking pursuant to Section 106, CFR 800.

REFERENCES CITED

- Babcock, T.R., and J.D. Hartley
1983 Archaeological Survey of Northwest Pipeline Corporation's Well Tie to Dwayne Upton #1, Grand County, Utah. Grand River Consultants, Inc., Report No. 82-UT-032.
- Hauck, F.R.
1992 Archaeological Evaluations in the Northern Colorado Plateau Cultural Area. An Investigation of the Seep Ridge-Book Cliffs-Red Wash- Hay Canyon-Whiterock Canyon and Interstate 70-Exit 220 Alternative Highway Routes in Uintah And Grand Counties, Utah. Archeological-Environmental Research Corporation (AERC), Bountiful, Utah. Report No. U-91-AF-301.
- Nicholson, C.M., and K. Montgomery
2003 Cultural Resource Survey of Trigon Sheehan's Winter Ridge/Wolf Point Six Mile Pipeline in Grand County, Utah. Montgomery Archaeological Consultants, Report No. U-03-MQ-753.
- Stokes, W.L.
1986 *Geology of Utah*. Utah Museum of Natural History and Utah Geological and Mineral Survey, Salt Lake City.

COCHRANE RESOURCES INC.
HORSE POINT FEDERAL #12-13
LOCATED IN GRAND COUNTY, UTAH
SECTION 13, T16S, R23E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: SOUTHERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

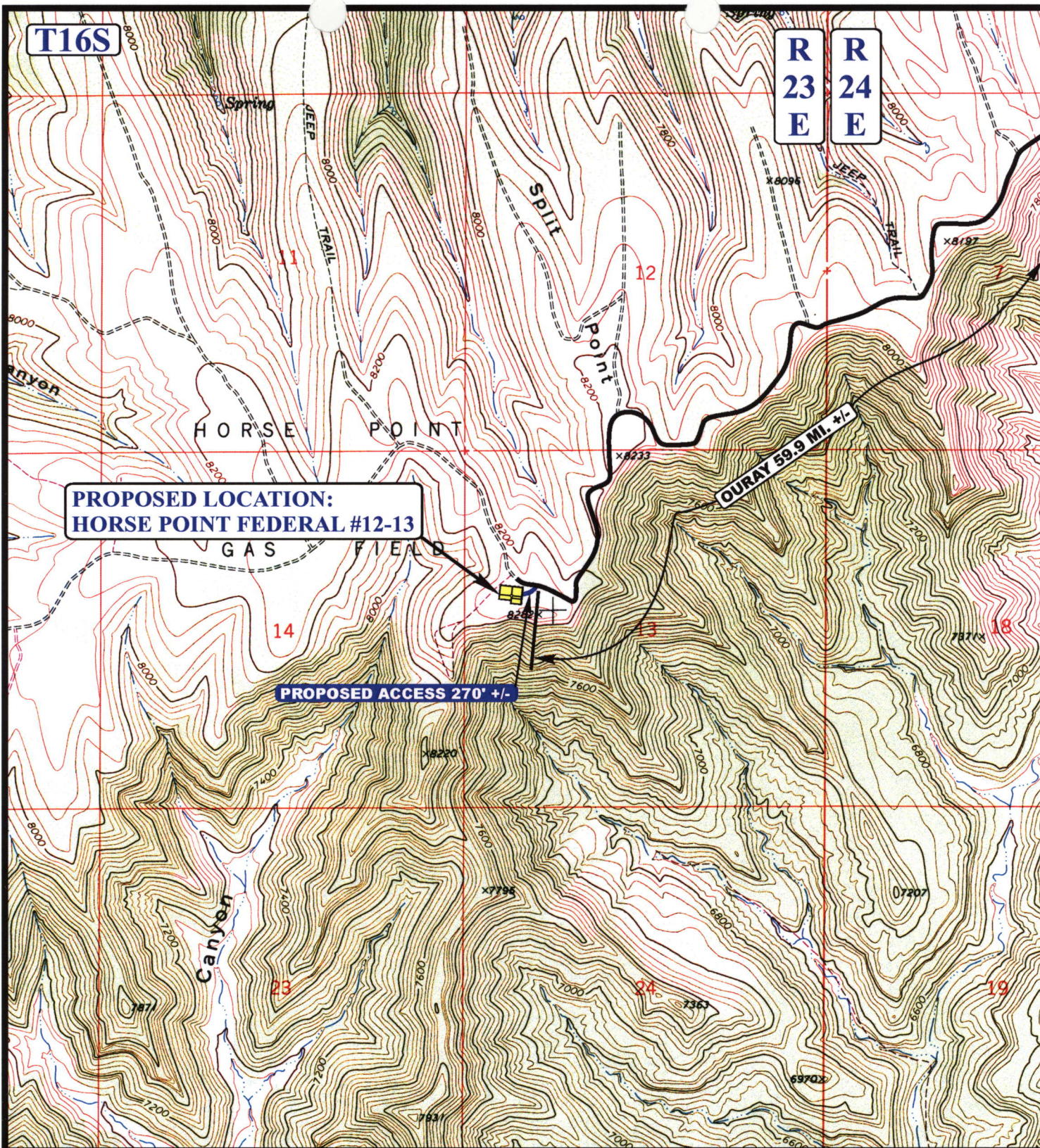
07 31 07
MONTH DAY YEAR

PHOTO

TAKEN BY: M.A.

DRAWN BY: C.P.

REV: 11-26-07 C.C.



LEGEND:

————— EXISTING ROAD
 - - - - - PROPOSED ACCESS ROAD



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813



COCHRANE RESOURCES INC.

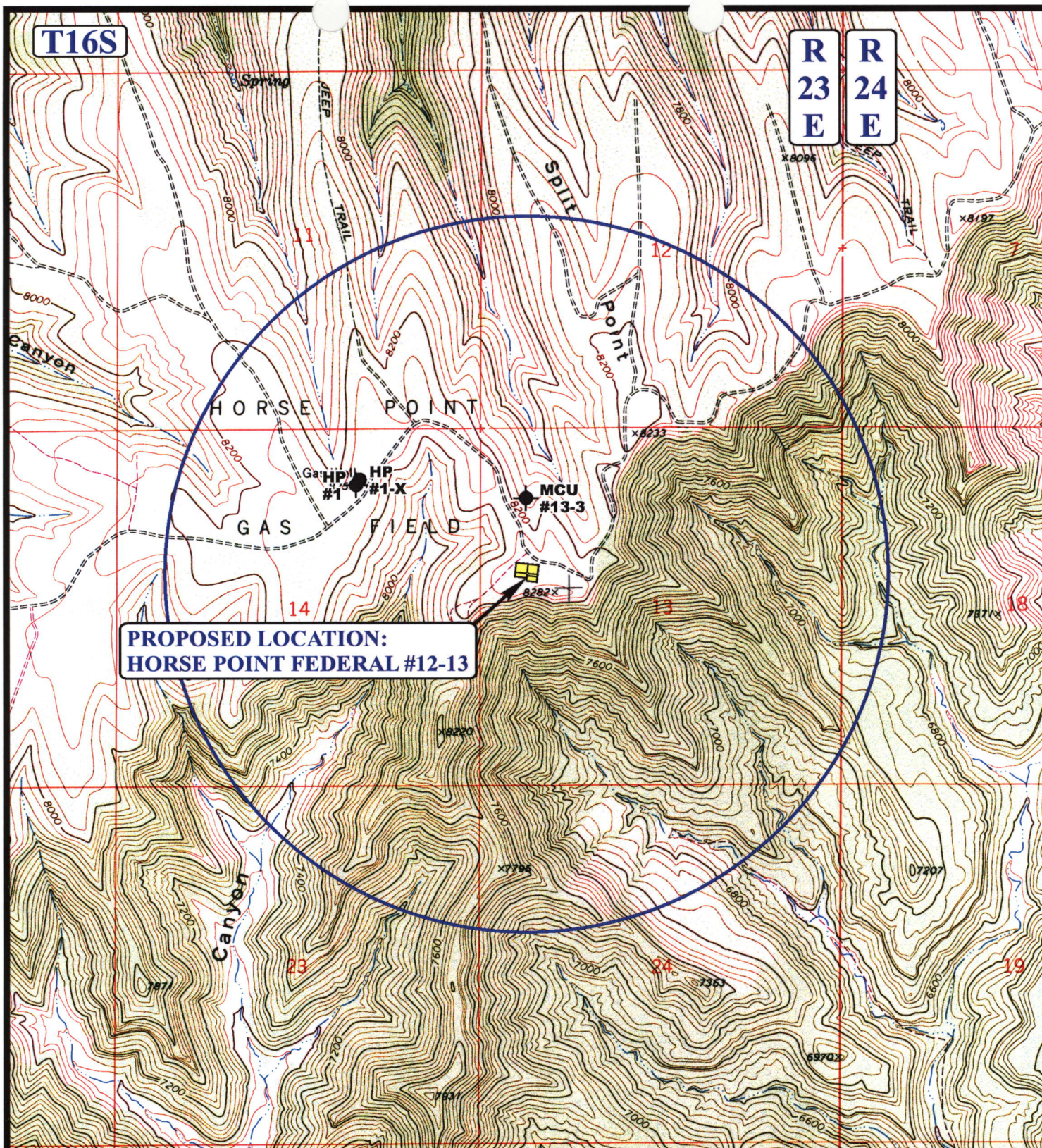
HORSE POINT FEDERAL #12-13
SECTION 13, T16S, R23E, S.L.B.&M.
 2134' FNL 689' FWL

TOPOGRAPHIC
MAP

07 31 07
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REV: 11-26-07 C.C.

B
TOPO



LEGEND:

- ⊗ DISPOSAL WELLS
- PRODUCING WELLS
- ⬮ SHUT IN WELLS
- ⊗ WATER WELLS
- ⬮ ABANDONED WELLS
- ⬮ TEMPORARILY ABANDONED



COCHRANE RESOURCES INC.

**HORSE POINT FEDERAL #12-13
SECTION 13, T16S, R23E, S.L.B.&M.
2134' FNL 689' FWL**



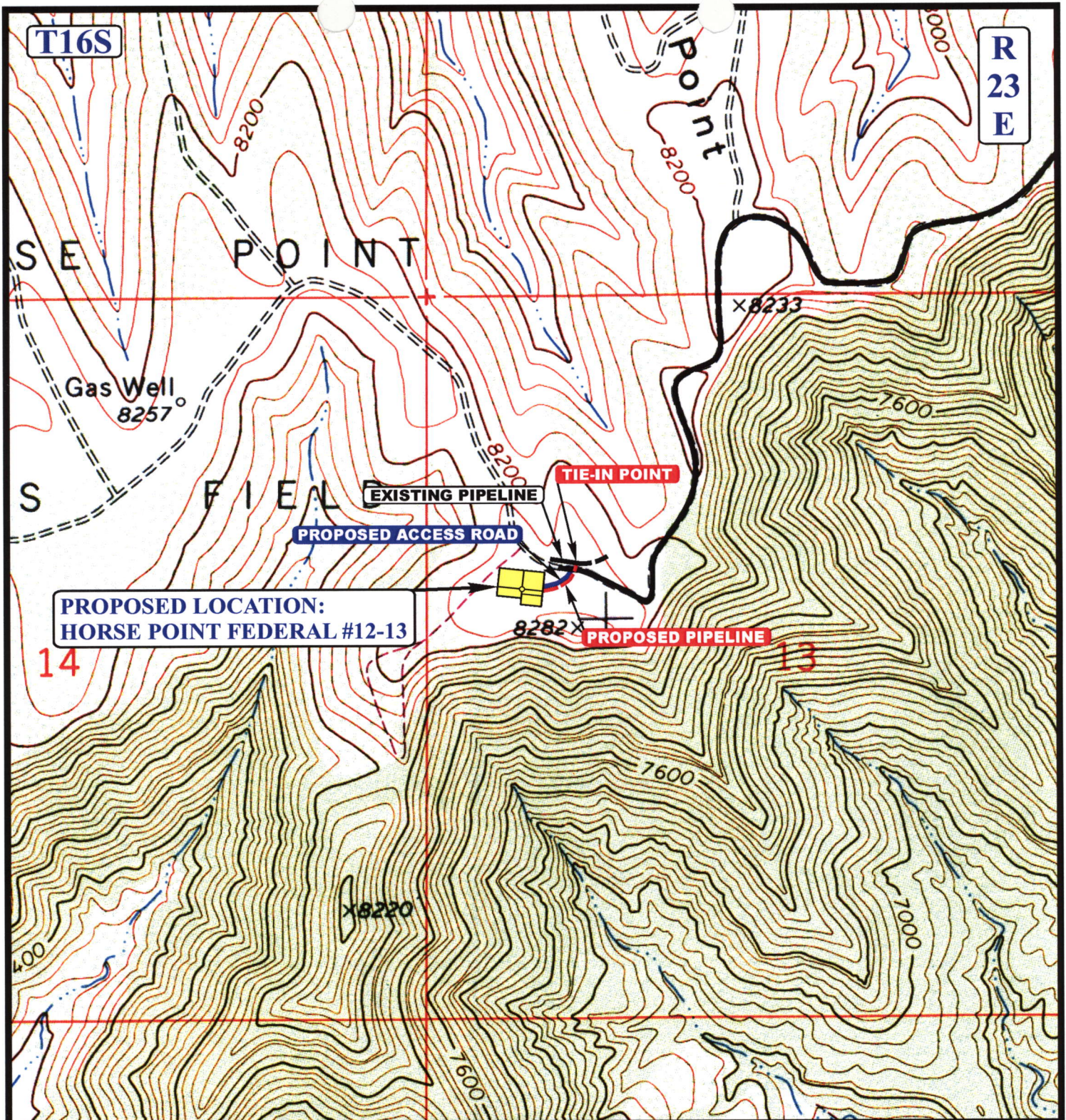
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

**TOPOGRAPHIC
MAP**

07 31 07
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REV: 11-26-07 C.C.





APPROXIMATE TOTAL PIPELINE DISTANCE = 366' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- PROPOSED PIPELINE



COCHRANE RESOURCES INC.

HORSE POINT FEDERAL #12-13
SECTION 13, T16S, R23E, S.L.B.&M.
2134' FNL 689' FWL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

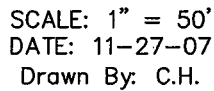
TOPOGRAPHIC
MAP

07 31 07
 MONTH DAY YEAR

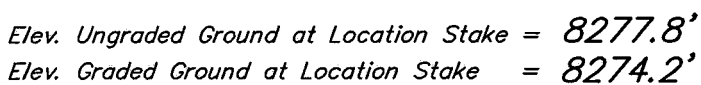
SCALE: 1" = 1000' DRAWN BY: C.P. REV: 11-26-07 C.C.



HORSE POINT FEDERAL #12-13
SECTION 13, T16S, R23E, S.L.B.&M.
2134' FNL 689' FWL



Flare Pit is to be located a min. of 100' from the Well Head.



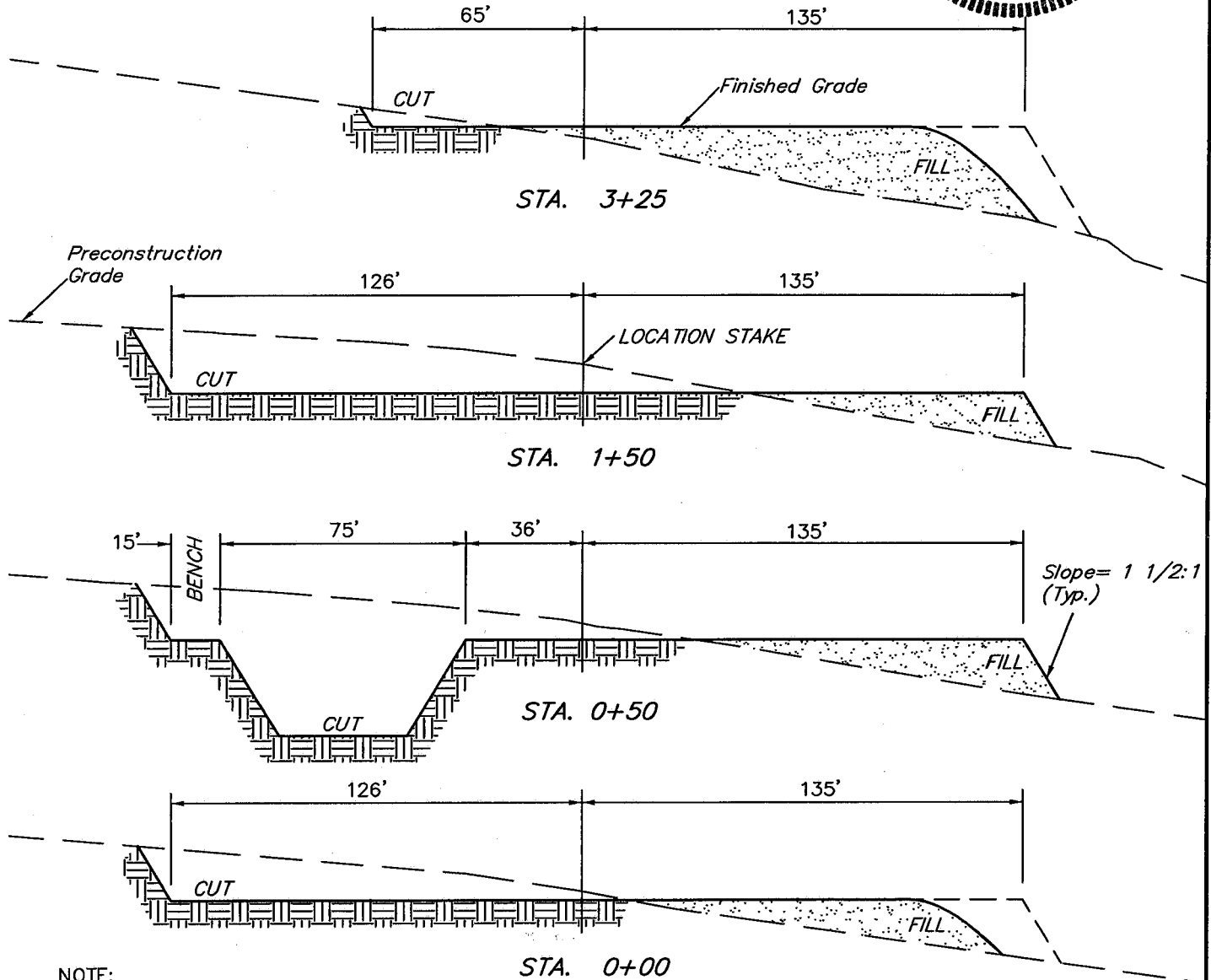
UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

COCHRANE RESOURCES, INC.

TYPICAL CROSS SECTIONS FOR
HORSE POINT FEDERAL #12-13
SECTION 13, T16S, R23E, S.L.B.&M.
2134' FNL 689' FWL



1" = 20'
X-Section
Scale
1" = 50'
DATE: 11-27-07
Drawn By: C.H.



NOTE:

Topsoil should not be
Stripped Below Finished
Grade on Substructure Area.

* NOTE:

FILL QUANTITY INCLUDES
5% FOR COMPACTION

APPROXIMATE YARDAGES

(6") Topsoil Stripping = 1,680 Cu. Yds.
Remaining Location = 8,690 Cu. Yds.
TOTAL CUT = 10,370 CU.YDS.
FILL = 7,030 CU.YDS.

EXCESS MATERIAL = 3,340 Cu. Yds.
Topsoil & Pit Backfill = 3,340 Cu. Yds.
(1/2 Pit Vol.)
EXCESS UNBALANCE = 0 Cu. Yds.
(After Interim Rehabilitation)

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 07/11/2008

API NO. ASSIGNED: 43-019-31593

WELL NAME: HORSE POINT FED 12-13

OPERATOR: COCHRANE RESOURCES INC (N7015)

CONTACT: SHON MCKINNON

PHONE NUMBER: 435-722-5801

PROPOSED LOCATION:

SWNW 13 160S 230E

SURFACE: 2134 FNL 0689 FWL

BOTTOM: 2134 FNL 0689 FWL

COUNTY: GRAND

LATITUDE: 39.41728 LONGITUDE: -109.3355

UTM SURF EASTINGS: 643293 NORTHINGS: 4364197

FIELD NAME: HORSE POINT (210)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-084672

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: MRSN

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[1] Ind[] Sta[] Fee[]
(No. 912828B42)
☒ Potash (Y/N)
☒ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
(No. 43-10447)
☒ RDCC Review (Y/N)
(Date:)
☒ Fee Surf Agreement (Y/N)
☒ Intent to Commingle (Y/N)

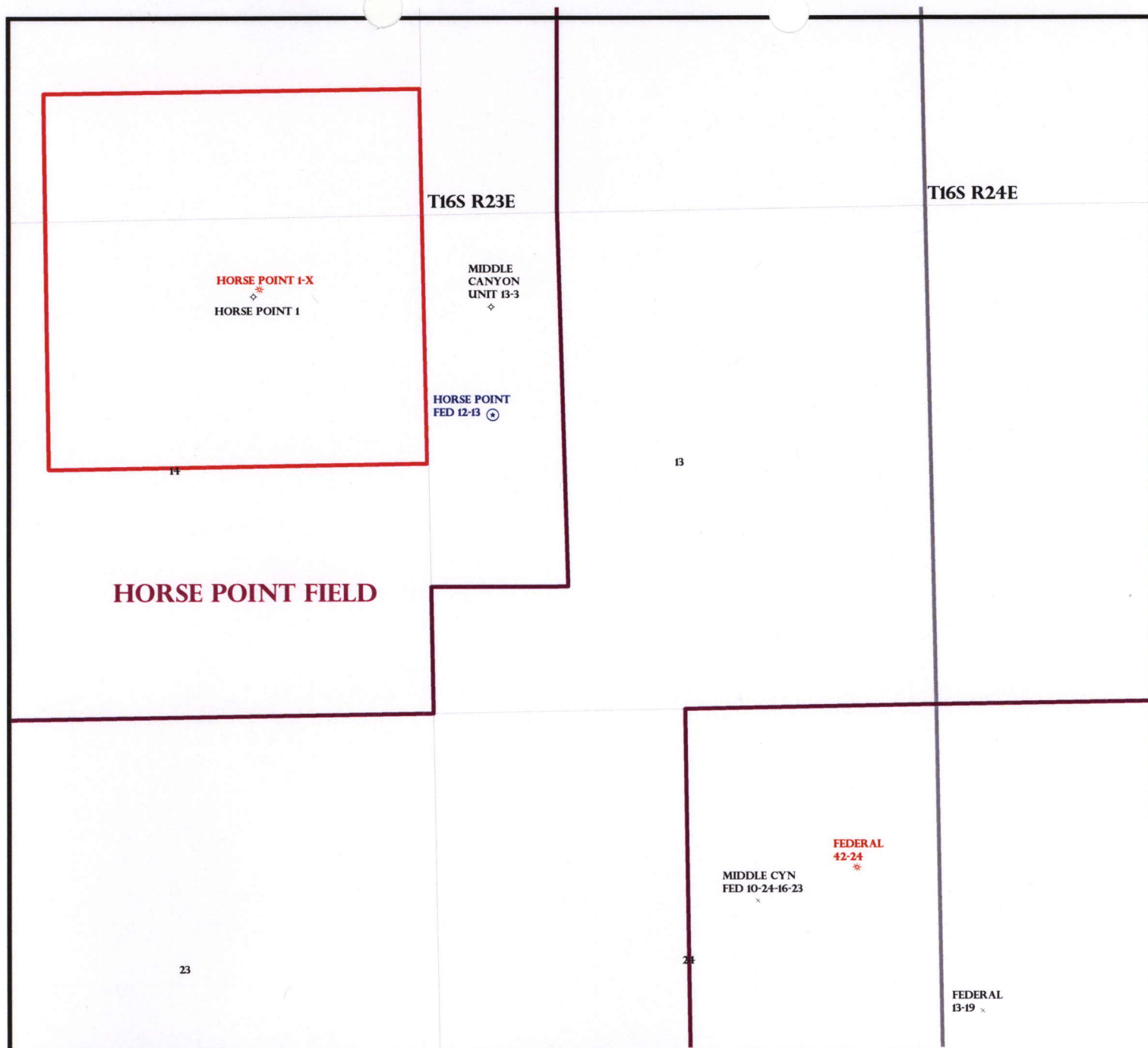
LOCATION AND SITING:

___ R649-2-3.
Unit: ___
☒ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
___ R649-3-3. Exception
___ Drilling Unit
Board Cause No: ___
Eff Date: ___
Siting: ___
___ R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: _____

1- Federal Approval
2- Spacing Strip



OPERATOR: COCHRANE RES INC (N7015)

SEC: 13 T.16S R. 23E

FIELD: HORSE POINT (210)

COUNTY: GRAND

SPACING: R649-3-2 / GENERAL SITING

Field Status

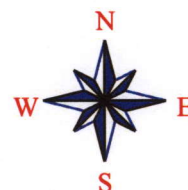
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status

- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING



PREPARED BY: DIANA MASON
DATE: 16-JULY-2008



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 17, 2008

Cochrane Resources Inc.
P O Box 1656
Roosevelt, UT 84066

Re: Horse Point Fed 12-13 Well, 2134' FNL, 689' FWL, SW NW, Sec. 13, T. 16 South,
R. 23 East, Grand County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-019-31593.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Grand County Assessor
Bureau of Land Management, Moab Office



Operator: Cochrane Resources Inc.
Well Name & Number Horse Point Fed 12-13
API Number: 43-019-31593
Lease: UTU-084672

Location: SW NW Sec. 13 T. 16 South R. 23 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dustin Doucet at (801) 538-5281 (801) 733-0983 home

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

September 22, 2009

Cochrane Resources Inc.
P.O. Box 1656
Roosevelt, UT 84066

Re: APD Rescinded – Horse Point Fed 12-13, Sec. 13, T. 16S, R. 23E
Grand County, Utah API No. 43-019-31593

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on July 17, 2008.

No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective September 22, 2009. A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Moab

